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Government Favors

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25 YEAR RE-REVIEW

Airline And Shipping Companies

NO ONE HAS yet undertaken to write a thorough-going treatise on how to be a successful Senator. But a likely author of such a handy reference work is the senior Senator from Colorado, Edwin C. Johnson.


Chas. Johnson
The essence of the Senator's formula for success seems to be the gentle art of sitting tight and saying nothing or practically nothing. Of late some of Senator Johnson's colleagues have been talking about him with envy not unmixed with bitterness and resentment.

As chairman of the Senate Interstate and Foreign Commerce Committee, Johnson has been successfully ignoring all hints and suggestions that two unsavory situations be investigated. Both involve influence, pull, favoritism and, in all probability, law-breaking through secret political contributions in large amounts. Many observers believe that a really thorough inquiry in these two fields would produce far greater scandals than have yet been brought to light.

One is the shipping industry, with the sale and resale of Government-built tankers and merchant vessels to those with inside knowledge and the operation of these vessels under foreign flags and by foreigners, particularly Greeks, who pay no taxes to any country. Some of these ships are believed to have been involved in the smuggling of war materials to Communist China.

THE SECOND field is the airline industry. Persistent rumors of favoritism and influence have centered about decisions of the Civil Aeronautics Board awarding air routes and air-mail pay—including concealed subsidies—to the major airlines.

To get into these two situations realistically in the public interest would take two things. First, it would take determination and courage at the top. Second, it would take a staff of skilled investigators, particularly for shipping where so much is hidden in intricate transactions of one kind and another.

The power of the CAB to award commercial routes both at home and abroad has stirred a fierce behind-the-scenes political scramble. This was especially acute in the summer and fall of 1948 in competition for the route to Hawaii and points beyond in the Pacific. On June 30 of that year Northwest Airlines got a permit for Hawaii. On October 4 Pan American Airways was authorized to fly the same route.

We believe that an honest and investigation would show

that before the presidential election an agent of an airline company paid to an agent of the Democratic Party \$85,000 in cash. That could be established only by an investigating staff empowered to subpoena witnesses who would testify under oath. It will naturally be denied with self-righteous indignation.

Last year by a majority decision the Civil Aeronautics Board ruled against the proposed merger of the international routes of American Overseas Airlines and Pan American. Under the law an international decision must be approved by the President before it is final. President Truman first stamped the majority opinion okay and returned it to the board.

But before it could be released, the presidential okay was recalled and Truman then officially overruled the CAB. Rumors about the high-powered—and highly paid—fluence that brought this about persisted in the aftermath of a political decision reversing all the experts.

Inside the CAB it was reported at the time that strong opinion had been prepared by the Department of Justice disapproving the merger on the ground that it would promote a monopoly. On political instructions from higher up that opinion is said to have been withdrawn. A comparatively innocuous Department of Justice brief was finally filed in the case.

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PAN AM AND W. R. Grace & Co., with shipping and a wide variety of interests in South America are now in a legal battle over the right to carry passengers into New York. Both companies charge monopolistic designs on the part of the other.

If Pan American seems to figure largely in this account, it is perhaps because it is richer and more powerful than any other company and because other lines were in the field earlier to barter bought-and-paid-for influence for advantageous position. A subsequent column will describe "Operation Subsidy" in the instance of another airline.

Senator Owen Brewster of Maine, a member of big Ed Johnson's Commerce Committee, urged publicly some time ago that the chairman consider whether an airline investigation was necessary. But there is little evidence that Brewster, a long-time friend of Pan American who introduced a bill to create a monopoly airline for the United States in the foreign field, has pushed his suggestion.

Next year airline franchises for American companies operating in the Atlantic expire. Next year is a presidential year. Unless some action is taken, these prizes are likely to be put on the political auction block in the kind of shocking barter that has long degraded this capital.